

MIAMI BEACH

OFFICE OF THE CITY MANAGER

NO. LTC# **229-2016**

LETTER TO COMMISSION

TO: Mayor Philip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: May 24, 2016

SUBJECT: **City Licensing and Merchandising Program Update**

In 2015, the Administration identified the creation of an official City of Miami Beach store as a possible avenue to generate additional revenue, while also supporting ongoing efforts to build and maintain the city's brand. To that end, the city began seeking a promotional items distribution company to manufacture (or have manufactured through a third-party), market, promote, sell and distribute city promotional items and souvenirs through an online store to be branded exclusively for city purposes.

During this process the Administration met with New York City's licensing team as well as attended an educational conference regarding licensing. Through this research the overall approach to licensing was reexamined. Based on the feedback and discussions from professionals in licensing and tourism it is believed that starting an online store, prior to placing merchandise in stores, may not be successful. As such, the administration recommended doing an overall analysis of our current licensed marks as well as what inventory could be licensed and work directly with manufacturers through non-exclusive license agreements to place official Miami Beach merchandise in stores.

The administration began contacting possible companies to quote a consulting project to write a strategic licensing plan for the City. Using recommendations and industry websites, 10 companies were contacted and 8 responses were received. As each quote was analyzed it became apparent that one company, The Beanstalk Group, stood out with experience in the areas that are most important.

The Beanstalk Group is a large company that has offices located in New York, Los Angeles, Cincinnati, Miami and London. They are currently ranked number 3 out of 35 global licensing Agents according to the Licensing Industry Merchandising Association. The company is divided into 6 categories, brand representation, direct-to-retail, celebrity representation, manufacturer representation, royalty auditing, and brand consulting; which is the department we would be working directly with. The consulting division of Beanstalk is referred to as Blueprint. This division focuses solely on consulting. Some of the companies that The Beanstalk Group has worked with include HGTV Home, Honda, Wolfgang Puck, and Jaguar. Some of their strategic partnerships include working with Jaguar to create a lifestyle brand, luggage line, luxury apparel and fragrance. They also worked with HGTV Home to conceive and develop a collection of smart and stylish products across a wide variety of home and garden categories. Through this creation they also helped with the creation of packaging, marketing and POS materials.

In May 2015 the administration hired Blueprint, the consulting arm of Beanstalk, to create a strategic licensing and merchandising program to enhance the consumer perceptions of Miami Beach as a lifestyle brand and continue to grow tourism to our destination. In addition, the program will generate external partner revenue streams with a positive return on investment.

After analysis and research Blueprint delivered various items including a prospecting guidebook, program management guidebook, and specific category evaluations and recommendations.

In June, staff will be attending the Licensing Expo in Las Vegas hosted by the Licensing Industry Merchandisers' Association. With over 460 leading brand owners and agents and some 5000+ brands in attendance, the Expo will allow us to connect with strategic partners to help maximize the City of Miami Beach's global brand awareness through key brand extensions.

Currently the City of Miami Beach has one licensing partnership, MB Suncare. The City of Miami Beach partnered with Destination Brands International to develop the official and exclusive sun and skin care product line for the City – MB Miami Beach Suncare. The products are infused with natural ocean extracts to uniquely provide a variety of skin benefits, including those of essential vitamins, minerals and antioxidants that help protect against free radicals and early skin aging caused by the sun. Launched in 2015, MB Suncare can be found in mass, specialty and drug and grocery channels both domestic and internationally. MB Suncare contributes a portion of all proceeds to beach cleanups and skin protection education. Through this contribution and in partnerships with Mount Sinai Medical Center, we are the first City in the nation to offer free sunscreen on public beaches, pools and parks in the City. This program, which has garnered international recognition, serves as a platform for increasing awareness on the importance of skin protection and sun safety.

The next steps in the process would be to continue working to build the essential items that are needed to launch a successful program. These items include:

- Style Guide – guidelines for key brand elements, art direction, inspiration and an essential tool to ensure a consistent and signature voice and spirit from all partners.
 - This would include creating a collection of all branding elements such as logos, tag lines, creative, photography and other imagery.
- Sales Materials – specific to licensing and merchandising partners
- Legal contract boilerplate - specific to Miami Beach

The total price for all of the custom brand development materials needed to create a successful program is \$140,000. The timeline to implement would be approximately 16 weeks not including time for internal approvals. The VCA has committed to a minimum of \$50,000 and is currently considering giving additional funding to support the program.

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